

(d) EFFECTIVE DATES.

(1)

INCENTIVE ADJUSTMENTS.

42 USC 652 note.

(1) IN GENERAL. The system developed under subsection (a) and the amendments made by subsection (b) shall become effective on October 1, 1999, except to the extent provided in subparagraph (B).

(2) APPLICATION OF SECTION 458. Section 458 of the Social Security Act, as in effect on the day before the date of the enactment of this section, shall be effective for purposes of incentive payments to States for fiscal years before fiscal year 2000.

(2)

PENALTY REDUCTIONS.

The amendments made by sub- 42 USC 652 note. section (c) shall become effective with respect to calendar quarters beginning on or after the date of the enactment of this Act.

SEC. 342. FEDERAL AND STATE REVIEWS AND AUDITS.

(a) STATE AGENCY ACTIVITIES. Section 454 (42 U.S.C. 654) is amended

(1) in paragraph (14), by striking "(14)" and inserting

(3) by redesignating paragraph (15) as subparagraph (B) of paragraph (14); and

(4) by inserting after paragraph (14) the following new paragraph:

"(15) provide for

(A) a process for annual reviews of and reports to the Secretary on the State program operated under the State plan approved under this part, including such information as may be necessary to measure State compliance with Federal requirements for expedited procedures, using such standards and procedures as are required by the Secretary under which the State agency will determine the extent to which the program is operated in compliance with this part; and

(B) a process of extracting from the automated data processing system required by paragraph (16) and transmitting to the Secretary data and calculations concerning the levels of

accomplishment (and rates of improvement) with respect to applicable performance indicators (including maternity establishment percentages) to the extent necessary for purposes of sections 452(g) and 458."

(b) FEDERAL ACTIVITIES.— Section 452(a)(4) (42 U.S.C. 652(a)(4))

is amended to read as follows:

"(4)(A) review data and calculations transmitted by State agencies pursuant to section 454(15)(B) on State program accomplishments with respect to performance indicators for purposes of subsection (g) of this section and section 458:

"(B) review annual reports submitted pursuant to section 454(15)(A) and, as appropriate, provide to the State comments, recommendations for additional or alternative corrective actions, and technical assistance; and

"(C) conduct audits, in accordance with the Government auditing standards of the Comptroller General of the United States —